

Credit Suisse agrees with the following basic premises the Committee is putting forth:

- that all errors require correction, but not all correction of errors should result in a restatement of previously issued financial statements;
- that the materiality of an error should be examined from the perspective of a reasonable investor while considering all relevant facts and circumstances; and,
- that transparent disclosure is of paramount importance.

We believe that current guidance in this area has led to an assessment methodology that acknowledges that a small error may be considered material, but that large errors are de-facto material without consideration of all relevant facts and circumstances. Therefore we agree with the recommendation that the SEC clarify the guidance that materiality should be assessed based on the degree that the error impacts or influences the body of data and information that a reasonable investor would use in arriving at an investment decision. In this regard we believe that the development of the concept of a “reasonable investor” is important.

In principle it would be helpful for the FASB or the SEC, as appropriate, to conduct education sessions and other programs to raise awareness of these issues and promote consistent application.

2. Correction of errors

There can be no doubt that all errors require correction if the integrity and completeness of a company’s financial reporting and recordkeeping is to be maintained on an ongoing basis. However, consistent with the materiality views above, not all corrections should result in a restatement, though all errors should be disclosed when they are corrected.

We agree with the Committee that prior period financial statements should only be restated for errors that are material to those prior periods, and that this assessment should be made from the perspective of current investors. We suggest that an additional element of the assessment would comprise of a sliding scale of materiality depending on the vintage of the information subject to restatement.

We agree as well with the suggestion that there may be circumstances where a filing of amendments to previously filed financial statements subject to restatement may not be necessary if the next periodic report will be filed in the near future and that report will contain all relevant information. We suggest that the SEC provide insight with regard their view of the parameters of “the near future”.

3. Disclosures during preparation of a restatement

The Committee notes that during the period of time from a company’s initial announcement that it is restating past period(s) financial statements until the actual

